



**STATE OF CONNECTICUT**  
**DEPARTMENT OF PUBLIC UTILITY CONTROL**

DONALD W. DOWNES  
CHAIRPERSON

**THE ENERGY & TECHNOLOGY COMMITTEE**

**Senate Bill 1104: AAC NET-METERING**

**March 12, 2009**

**TESTIMONY OF CHAIRMAN DONALD W. DOWNES**

The Department of Public Utility Control (Department) submits the following comments on Senate Bill No. 1104. Senate Bill No. 1104 amends Section 16-243h by providing alternative methods of compensation for customers who provide excess wind and solar power back to the grid. Specifically, the bill seeks to add the ability to transfer net metering credits to another customer or location within a load zone or to allow the customer to carry over credits indefinitely. The Department is concerned about the impact this bill will have on customers with respect to subsidization of costs and believes further clarifications are in order to avoid unintended consequences.

First, the Department believes there is some confusion with the language of this bill. Clarification is needed in regards to the term "credit", as used in subsection (a). At present the Department has interpreted this to mean a banked kWh. It may be necessary to address the potential to earn renewable energy credits (i.e., another definition of credit for renewable systems). Under the current net metering rules (only recently implemented in late 2007), customers who produce more energy than they consume in a billing period are allowed to bank their surplus energy and to use the banked energy to offset a future electric bill on a kWh by kWh basis. The revised net metering standards that were implemented in 2007 significantly increased the financial benefit of owning Class 1 renewable generation as follows:

Previous payment structure:

Under the previous payment structure the customer was paid an "energy only" reimbursement for their net kWh production. Based on recent ISO-NE energy prices the customer was paid between 5.5¢ and 8¢/kWh for their net kWhs. Also, because this payment was made monthly there was no opportunity to bank the net energy.

Revised payment structure:

Beginning in October 2007, instead of being paid an energy only amount, customers are able to bank or rollover their net kWhs to be used to offset future electric consumption. For example, at present, CL&P's residential charges total about 18¢/kWh, while UI's average residential charge exceeds 23¢/kWh. Thus, banking of kWhs increases the benefit 3 to 5 times.